Delhi for investiture, the entertainment of State Guests, the expenses in connection with the discussion of the Harbour scheme, etc. The increase in the maintenance charges of the Railway contributed to an increase of Rs. 2·08 lakhs under 'Railway'. The other increases occurred under 'Tramway' (Rs. ·61 lakh) due to renewal of rails, 'Pension and Gratuity' (Rs. ·25 lakh) due to increased requirements under 'Service pension', etc. Against these increases, the only noticeable decrease occurred under 'Panchayats' due to savings under 'Communications', etc. The actual transactions of the year resulted in a small surplus of Rs. ·58 lakh thereby maintaining the position of equilibrium anticipated in the budget estimate, viz., Rs. ·26 lakh.

FINANCIAL POSITION AT THE END OF 1110.

5. Before I proceed to deal with the current year, I think it will be but proper if I sketch for your information the exact financial position of the State as it stood at the end of 1110. The State had then (at the close of the year 1110) a net asset of Rs. 108·33 lakhs after making due provision for all liabilities. (Please see Asset and Liability statement appended to the Budget). Of this, a sum of Rs. 41.43 lakhs represented the outlay on Harbour and Rs. 74·06 lakhs the outlay on Railway coversion—these two alone making a total asset of Rs. 115·49 lakhs. The outlay on these twin schemes of capital works thus exceeded the net asset to the credit of the Government by Rs. 7·16 lakhs.

REVISED ESTIMATES OF 1111.

6. The budget estimates for the current year were for a total revenue of Rs. 98·54 lakhs and provided for a programme of expenditure of Rs. 97·84 lakhs, leaving a nominal surplus of Rs. ·70 of a lakh. However, on the basis of the actuals so far known, the revenue is expected at Rs. 98·60 lakhs, more or less the same as that budgetted for, and the expenditure charged to revenue is anticipated to rise to Rs. 104·14 lakhs, the current year being thus expected to close with a deficit of Rs. 5·55 lakhs.

On the side of receipts, increases in revenue have been expected to the extent of Rs. 2·51 lakhs under various items and these have been counterpoised by falls in revenue to the extent of Rs. 2·45 lakhs under certain other heads so that the net result is only an increase of Rs. ·06 lakh over the budget estimate of Rs. 98·54 lakhs.

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The largest increase expected is that under 'Tobacco' (Rs. ·55 lakh) being the increased actual rental revenue secured at the auction sale of the shops, the exact figures of which were not available when the budget was framed last year. 'Interest' closely follows with an increase of Rs. ·53 lakh over the budget estimate of Rs. 1·42 lakhs mainly on account of the better rate of interest fetched on investments and the non-withdrawal of investments to the extent anticipated for the requirements of the Harbour and the Railway. On account of the larger quantities of British Indian Timber brought down from the hills by the Anamalai Timber Transport and the Forest department, it is expected that there would be an increase in revenue to the extent of Rs. ·30 lakh under 'Tramway' while the increase in traffic is similarly anticipated to enhance the budgetted revenue of Rs. 16·75 lakhs from 'Railway' by Rs. ·25 lakh. The probable recovery from economic depression to a larger extent than anticipated is expected to bring an additional revenue of Rs. ·30 lakh under 'Income-tax' as campared with the budget estimate of Rs. 2·42 lakhs. The other noteworthy heads showing increases are 'Public Works' (Rs. ·18 lakh) mainly from 'Tolls, Ferries', etc., and 'Customs' (Rs. ·10 lakh).

Against these increases, substantial falls in revenue are also anticipated chiefly under 'Matches' and 'Stamps'. Under the former, the large decrease of Rs. 1·04 lakh as compared with the budget estimate of Rs. 3·90 lakhs is due to less 'Sale proceeds of Banderols'. No other data having been available to serve as a basis for the budget of the year since the administration of the Matches Excise duty began working only from last year, the estimate for 1111 had to be prepared on the basis of the actuals of the previous year alone and hence the variation. The fall of Rs. ·79 lakh under 'Stamps' from the budget estimate of Rs. 6·37 lakhs is due to the decreased sale of stamp papers. 'Abkari and Ganja' and 'profits from Capital Outlay' are the other two heads which anticipate decreases to the extent of Rs. ·21 lakh and Rs. ·30 lakh respectively due in the former case to the remission to the defaulters among the bidders who have incurred real losses and in the latter case to the non-realisation of profits from 'Potteries' to the extent anticipated.

On the expenditure side, a net increase in expenditure of Rs. 6·30 lakhs is anticipated over the budget estimate of Rs. 97·84 lakhs, the most noticeable increases of which are expected under 'Railway', 'Public Works', 'Miscellaneous', 'General Administration' and 'Education'.

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Among the items showing the increases, 'Railway' easily heads the list with an increase of Rs. 1·61 lakhs over the budget estimate of Rs. 9·75 lakhs mainly on account of the increase in the maintenance charges of the broad-gauge line. 'Railway' is closely followed by 'Miscellaneous' and 'Public Works' with increases to the extent of Rs. 1·22 lakhs and Rs. 1·25 lakhs respectively; the tour of His Highness the Maharaja to Madras, the larger amount of subscriptions and donations that were paid in the course of the year, the further fees that had to be paid to Sir Tej Bahadur Sapru for representing the case of the Government at the Harbour Conference, etc., etc., contributed to the increase in the former, while the larger expenditure that had to be incurred under 'Buildings' owing to certain costly works that had to be undertaken in the year like the construction of the Central Records, the District Magistrate's Court, improvements to Trichur Guest House, the purchase of Miss Gunther's Bungalow at Ernakulam, etc., and the sum of Rs. 25,000 paid for repairs to Irrigation Works at Chittur account for the large increase anticipated under 'Public works'. Of the large increase of Rs. ·64 lakh expected under 'General Administration' over the budget estimate of Rs. 1·91 lakhs, the 'Huzur Secretariat' is responsible for Rs. ·32 lakh mainly on account of the increase under 'Salaries of the Diwan and the Secretaries', the entertainment of the Law Commission in the course of the year and the Election Commission expenses. Under 'State Loan' is anticipated a large increase of Rs. ·36 lakh on account of the floatation of the 3½ per cent State Loan for Rs. 30 lakhs for which commission and other incidental expenses had to be incurred to this extent even though they were not anticipated at the time of the budget. The increased expenditure that had to be incurred mostly under 'Grant-in-aid' is expected to raise the expenditure under 'Education' from Rs. 17·57 lakhs to Rs. 18.07 lakhs while the purchase of the second-hand rails of our meter guage railway for renewal of the Tram-line which was very badly in need of replacement is anticipated to bring about an increase of Rs. ·35 lakh under 'Tramway'. As compared with the budget estimate of Rs. 3·29 lakhs 'Matches' expects an increase of Rs. ·36 lakh. The increase is under 'Contribution to the Government of India' being due to the larger sale of banderols and the consequent increase in refund that has to be made to the Government of India. In this connection, I may remark that this increase will not affect our finances since there will be a corresponding increase on the receipt side. The increases under

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the other heads are not so important as to merit mention and therefore I pass on.

Against these increases, the only head of expenditure showing any savings is 'State Conveyances' the revised estimate under which is fixed at Rs. 84,100 thus falling short of the budget estimate by Rs. 11,400 mainly on account of the non-purchase of horses and cars as provided for.

I now come to the schemes of 'Capital Outlay' for which provisions had been made in the budget of the year. Under 'Railway' we had made a provision of Rs. 10·58 lakhs towards the completion of the Conversion Scheme including the expenditure on Shoranur Junction Re-modelling and the diversion of the line between Idapilly and Ernakulam; but as the question of the incidence of expenditure on Shoranur Junction remodelling is still under consideration and the Idapilly—Venduruthy extension scheme is not yet commenced, the revised estimate has been fixed at Rs. 1·58 lakhs only according to actual requirements

In similar circumstances, we had also budgetted for an expenditure of Rs. 10 lakhs under 'Harbour' in the hope that the 4th stage of the works would be begun this year. Owing to various circumstances this could not be till now. As we have come to a final agreement now, a provision of Rs. 5·82 lakhs has been made in the revised estimate according to ascertained information towards the contribution of this Government on account of the expenditure of the Fourth Stage Harbour Works already incurred in advance by the Government of Madras, now that the Madras Government has not to participate in the Harbour development according to the revised terms of the Harbour Agreement.

The provision of Rs. 25,000 for Electrical works at Ernakulam and Trichur made under 'Capital Outlay' was not utilised under that head as the electrification of these towns has been arranged to be done and managed by private enterprise, the Government having taken shares in the concern for which a provision of Rs. 12,000 has been found under 'Investments' in the current year.

FINANCIAL POSITION AT THE END OF 1111.

7. I shall close my observations on the estimates of the current year with a passing reference to the anticipated financial position at the end of the year. Our total asset which

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